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5

6 **Antecedents of Corporate Entrepreneurship in SMEs:**
7 **Evidence from an emerging economy**
8

9 **ABSTRACT**

10 *Theoretical, conceptual and empirical development in corporate entrepreneurship (CE) research has*
11 *matured into consensus around five core antecedents of an internal environment that ‘prepares’ a firm*
12 *for CE: top management support, time availability, entrepreneurship-relevant rewards/reinforcement,*
13 *work discretion/autonomy and flexible organizational boundaries. But, this maturity and consensus are*
14 *narrowly conceived in the tradition of mid-to-large-sized established firms in Western economies, taking*
15 *for granted that these same conditions prepare SMEs in emerging economies for CE as well. Drawing on*
16 *an institutional perspective, we argue that this assumption is false: institutional and cultural factors can*
17 *undermine the viability of these antecedents in enabling CE in emerging economy contexts, and resource*
18 *challenges in this context exacerbate those already faced by SMEs, requiring them to rethink how to*
19 *enable CE. We examine these internal antecedents of CE in the context of Kenyan SMEs operating in*
20 *service sectors. Our qualitative study shows that the organization of Kenyan SMEs’ internal*
21 *environments for CE is much more nuanced, interactive and complex than currently presented in Western*
22 *treatments and studies. We also observe that cultural and contextual factors appear to influence the*
23 *extent to which antecedents put in place then encourage, enable and produce CE activity. We extend*
24 *knowledge on the existing antecedents to provide a more fine-grained depiction of the internal*
25 *environment for CE in emerging economy SMEs.*
26

27 **INTRODUCTION**

28 What enables corporate entrepreneurship in emerging economy SMEs? Corporate
29 Entrepreneurship (CE) has attracted scholarly interest because it directs firms to recognize and exploit
30 new opportunities (Ireland, Covin, and Kuratko 2009) through innovative and proactive behavior (Dess,
31 Lumpkin, and McGee 1999) that can revitalize and increase the innovativeness of existing organizations
32 (Covin and Miles 2007; Ireland et al. 2009; Zahra, Jennings, and Kuratko 1999). Corporate
33 entrepreneurship is necessary for firms in turbulent, dynamic or highly volatile environments, wherein
34 strategic flexibility and innovativeness are needed to maintain competitive advantages and respond to
35 environmental pressures (Bruton, Ahlstrom, and Obloj 2008; Yiu and Lau 2008). Emerging economies
36 represent such a context but are characterized by competitive, market and institutional differences that
37 condition how managers and employees make judgments about CE and perceive what conditions and
38 actions are legitimate within their context (Ahlstrom and Bruton 2010; Hermelo and Vassolo 2010; Wan

and Hoskisson 2003; Yiu and Lau 2008). Because of these crucial differences, the failure of CE research to properly treat the context firms exist and operate in means that the present consensus among scholars about the antecedents of CE, developed almost exclusively in the traditional Western context, is premature and at worst may prove to be entirely wrong.

Research into the antecedents of CE (Alpkan, Bulut, Gunday, Ulusoy, and Kilic 2010; Hornsby, Kuratko, and Zahra 2002; Kuratko, Hornsby, and Covin 2014; Sebra, Theerapatvong, and Lee 2010) has converged on the importance of five antecedents creating an entrepreneurial internal firm environment conducive to CE: top management support, time availability, rewards/reinforcement, work discretion/autonomy, and organizational boundaries. These are said to '*prepare*' the firm for CE (Hornsby, Kuratko, Holt, and Wales 2013a). Yet, empirical support for some of these antecedents remains mixed (Hornsby et al. 2013a) and scholars have questioned their applicability to CE in non-traditional economic and organizational contexts and across different regions (Hornsby, Peña-Legazkue, and Guerrero 2013b; Phan, Wright, Ucbasaran, and Tan 2009). A new group of studies have since called for an examination of what enables firms to achieve CE in emerging economy contexts (Hornsby et al. 2013b; Hoskisson, Eden, Lau, and Wright 2000). An emerging economy context holds very different institutional characteristics to the traditional Western origin of CE studies. For example, a collectivist culture, authoritarianism, and deference to authority prevalent in African nations can shape indifference toward entrepreneurship among African employees (Jackson, Kenneth, and Serap 2008; Morris, Davis, and Allen 1994; van Wyk and Adonisi 2012). Institutional differences and institution-specific conditions can also directly affect strategic choices available at the level of the emerging economy firm (Young, Tsai, Wang, Liu, and Ahlstrom 2014). It is unreasonable to assume that antecedents of CE conceived in the tradition of mid-to-large-sized established firms in Western economies transfer to different economic and institutional contexts.

In addition to the institutional context, studies must also account for SMEs as a new generation of research shows that SMEs operate differently to their established, larger counterparts in terms of entrepreneurship (Kraus 2011; Zellweger and Sieger 2012) and do not fit models built from research into

such firms (Sine, Mitsuhashi, and Kirsch 2006). Sine et al. (2006) lament the false logic that SMEs rely on flexibility and a lack of formalization for their success, arguing that these initial conditions are merely a reaction to opportunities in a changing environment. Citing Stinchcombe (1965), Sine et al. (2006) suggest SMEs need less flexibility and more role specificity to overcome a ‘structural liability of newness’. Such ideas sit orthogonally to the causal mechanisms of CE presented in the literature (Hornsby et al., 2002, 2009; 2013a, 2014).

Zahra and Wright (2011) lament the failure of entrepreneurship research to engage more fully with context when studying entrepreneurship, arguing the need to pay careful attention to the nature of the context firms operate in to best develop theory. Beyond the institutional and organizational, industry context has also been particular ignored, left as little more than a control variable in most studies. The service sector has specifically languished behind its contemporaries in receiving research attention, and scholars have called for studies that demonstrate how entrepreneurship takes place in service firms to discredit the notion that these result from mere intuition or luck (Storey and Hughes 2013). Thus, to meet the challenge set out by Hornsby et al. (2013b), Hoskisson et al. (2000), Phan et al. (2009), Sine et al. (2006), and Zahra and Wright (2011), the research questions we address are: *(1) Is the current conceptualization of the five antecedents of an internal environment for CE applicable and relevant in the context of service sector SMEs in an emerging economy? (2) What new or different antecedents to CE are seen in the context of service sector SMEs in an emerging economy?*

Focusing on these key questions, we draw on an institutional perspective on CE and argue that (1) institutional and cultural factors may undermine the viability of present antecedents to enable CE in emerging economy contexts, and that (2) the resource challenges in this context exacerbate those already faced by service sector SMEs, requiring them to rethink how they enable CE. We examine these issues through a qualitative investigation of service sector SMEs located in Kenya. Kenya has been developing rapidly and represents an important gateway to Africa (Jackson et al. 2008). Part of this growth has been attributed to the rapid rise and proliferation of local SMEs (Matanda 2012; Ronge, Ndirangu, and Nyangito 2002). Despite growing competition (locally and from abroad through international foreign

investments) and limited resources, many Kenyan SMEs remain highly dynamic, innovative, and successful, suggesting that CE is rife among them (Jackson et al. 2008).

This article makes three contributions. First, we offer a theoretical contribution that affords scholars new and refined insights into the antecedents of CE within the context of emerging economy service-sector SMEs, and from a theoretical position unaccustomed among studies of the antecedents of CE. Our study contributes theoretical development towards a more holistic or complete picture of what drives or constrains CE as called for by Hornsby et al. (2013b) and Hoskisson et al. (2000). Second, we offer an empirical contribution by extending the geographic and contextual reach of empirical knowledge on CE called for by Phan et al. (2009) and Zahra and Wright (2011). Studies to date have arrived at a consensus on the antecedents of an internal environment productive for CE almost exclusively in the context of Western developed economies. By accounting for how the institutional and business context of emerging economy settings reshape or revise these antecedents, our data enlarge scholarly and managerial understanding of how existing ventures become more competitive in emerging economies. Finally, we offer a small methodological contribution via our research design. Zahra et al. (1999) called for better theory building in CE research through the adoption of qualitative methodology. Qualitative methodology enables a much better understanding of the ‘how’ and ‘why’ of CE and is especially useful in contexts where both theoretical and empirical knowledge are thin and immature. Using a qualitative allows us to overcome problems associated with the use of single-respondent survey data in entrepreneurship research and address the de-contextualization of CE antecedents by prior studies. Our protocols can help researchers to develop more context-sensitive treatments of CE in future.

As scholars we do not have a theoretical framework customized to SMEs or to the emerging economy context that can help us to understand and explain their CE. Appreciating how CE is achieved and practiced among SMEs in emerging economies will help scholars develop better theories and help managers and policy makers arrive at better customized prescriptions to improve the competitiveness of these firms. This study represents a first attempt to consider whether, how, and in what ways the

‘established’ antecedents of CE are applicable in emerging economy SMEs in Kenya and what additional factors are important for an internal environment for CE in emerging economy SMEs.

THEORETICAL BACKGROUND

THE INTERNAL ANTECEDENTS FOR CORPORATE ENTREPRENEURSHIP

Defined as a “*process wherein an individual or a group of individuals, in association with an existing organization, create a new organization or instigate renewal or innovation within that organization*” (Sharma and Chrisman 1999: p.26), CE broadly describes activities related to the development and pursuit of new business ideas and opportunities within established firms. This definition builds on earlier statements by Guth and Ginsberg (1999) that CE encompasses new corporate venturing and strategic renewal. Later work by Morris, Kuratko and Covin (2011) added a third dimension in the form of strategic entrepreneurship, in which a firm favors, pursues, and implements high-impact innovation. It is the internal environment of the firm that originates, enables, and incubates CE activities that may go on to represent these larger outcomes (Hornsby et al. 2013a). Although various definitions of CE exist, we adopt Sharma and Chrisman’s (1999) definition as it is sufficiently broad to avoid excluding important issues that may otherwise go undetected. This is also appropriate given that what constitutes CE and its outcomes in emerging economy and service sector SMEs is neither well-known nor well-circumscribed as yet (Kraus 2011).

Firms that exhibit CE are typically viewed as dynamic, flexible entities prepared to take advantage of new business opportunities as they appear (Kuratko, Goldsby, and Hornsby 2012). Firms also stand to gain improvements in business performance from CE with longstanding longitudinal evidence anchoring this belief (Zahra and Covin 1995). Uncontrollable factors such as environmental hostility and rapid technological advancement may push entrepreneurial activity to take place inside an organization (Bradley, Aldrich, Shepherd, and Wiklund 2011), because successfully competing in such environments requires a strategic intent towards entrepreneurial activity (Ireland et al. 2009; Morris et al. 2011). Such a strategic intent can be achieved through purposeful managerial actions to create a pro-CE organizational architecture (Hornsby et al. 2013a; Ireland et al. 2009). Assessing and determining a firm’s

current organizational environment or state of '*organizational preparedness for CE*' represents an important element for successfully implementing a CE strategy (Hornsby et al. 2013a, p.937).

The five antecedents of CE are contained in the CE Assessment Instrument (CEAI) (Hornsby et al. 2002, 2013a, 2014), and provides a means of profiling a firm's internal environment for CE. The five antecedents are deemed necessary for an internal environment favorable for CE behavior to emerge. These five antecedents are: *top management support* (the extent to which the top managers support, facilitate, and promote individual and collective entrepreneurial behaviors), *work discretion/autonomy* (the extent to which top managers provide decision making latitude, freedom from excessive oversight, and authority and responsibility to lower level employees), *rewards/reinforcement* (the extent to which organizations are willing to use systems that reward employees based on entrepreneurial activity), *time availability* (the extent to which employees are expected to invest 'slack' time on their most salient tasks given their roles and responsibilities), and *organizational boundaries* (the extent to which the organizational structure enhances the flow of information between the external environment and the organization and among its departments/divisions).

Recent efforts to examine the CEAI have started to apply the instrument to different settings (Alpkan et al. 2010; de Villiers-Scheepers 2012; Holt et al. 2007; Sebora et al. 2010), but still emphasize its current form in revised theoretical and conceptual frameworks of CE (e.g., Ireland et al. 2009; Kuratko, Ireland, Covin, and Hornsby 2005). Empirical support has been found for the antecedents of management support, work discretion/autonomy, and rewards/reinforcement for a range of entrepreneurial activity (Holt, Rutherford, and Clohessy 2007; Hornsby et al. 2009; Sebora et al. 2010). But support for the time availability dimension is lacking (Holt et al. 2007; Hornsby et al. 2009), while the organizational boundaries dimension suffers from measurement problems (Holt et al. 2007; Hornsby et al. 2009). The levels and types of resources that an organization has access to (Hornsby et al. 2013a) and the possible interactions among dimensions have also not received attention. Thus, further consideration needs to be given to other meaningful dimensions and the context in which these dimensions become meaningful.

A particular problem exists in the present de-contextualization of the antecedents of CE. This in part stems from the dominance of quantitative methodologies in the research into these antecedents (and CE in general) (de Villiers-Scheepers 2012; Hornsby et al. 2009; Seborá et al. 2010) and theoretical assumptions which are based on the experiences of larger firms from developed economies such as the U.S. (Hornsby et al. 2002; Rutherford and Holt 2007) and Canada (Hornsby, Kuratko and Montagno 1999). Therefore, rather than being a simple function of the five ‘established’ antecedents, further differences in the makeup of those dimensions and in their influence on enabling CE may come from contextual differences among different types of firms in different types of economies. Cause for concern also comes from studies into SMEs. In examining the CEAI in the context of a knowledge-intensive European SME, Christensen (2005) noted that the five existing antecedents were not sufficient in enabling entrepreneurship in such contexts. Differences across cultural norms and values may further yield differences in the patterns and conceptualizations of the existing CEAI dimensions (de Villiers-Scheepers 2012; Hornsby et al. 2013b).

Outside of the CEAI measure itself and looking at the effects of entrepreneurial orientation, Frank, Kessler, and Fink (2010) reported that a positive connection between firm entrepreneurial behavior and business performance only occurred in cases in which a dynamic environment is combined with high access to financial capital and when a stable environment is combined with low access to financial capital. The findings of Frank et al. (2010) stand in contrast to existing observations about SMEs in emerging economies. For example, despite growing competition and complex operating environments (i.e., a dynamic environment), and limited access to and availability of resources (including financial), many emerging economy SMEs remain vibrant, innovative and successful, suggesting that CE is rife among them (Jackson et al. 2008). For these reasons, the paper now moves to analyze the potential antecedents of CE in the context of emerging economy SMEs, and Kenya in particular.

ANTECEDENTS TO CORPORATE ENTREPRENEURSHIP IN EMERGING ECONOMY SMEs

The benefits and value of CE are not restricted to large established firms from developed market economies (Hitt, Ireland, Sirmon and Trahms 2011). CE holds promise for SMEs in emerging market contexts (Gómez-Haro, Aragón-Correa, and Córdón-Pozo 2011; Lou and Junkunc 2008) as it offers a means through which emerging economy SMEs can (re)vitalize activities, reconfigure resources, and set in place the entrepreneurial mindsets indispensable to competing effectively in such highly turbulent environments (de Villiers-Schemers 2012; Yiu and Lau 2008). But, the body of knowledge on how CE is enabled in such firms in such contexts remains thin (Phan et al. 2009).

Vossen (1998) suggested that the main advantage of SMEs over larger firms is their entrepreneurial behavior. If so, the organizational antecedents that encourage and support CE might then be valid across firms of any size. However, unlike their larger counterparts, SMEs compete in competitive markets with only limited resources (Carrier 1996; Zahra and Pearce 1994) and exhibit different internal organizational challenges brought about by growth. Such challenges may impact how support for CE is organized in SMEs. For example, Sebor et al. (2010) only found the CEAI dimensions of management support and rewards (through recognition) to be significantly related to improving CE in Thai SMEs; owner/manager leadership style (Kantur and Iseri-Say 2013) and the nature of their personal relationships with employees have been suggested as more important determinants of CE among SMEs (Castrogiovanni, Urbano, and Loras 2011); and Sine et al. (2006) found the classic Burns and Stalker view that firms, irrespective of size, benefit from an ‘organic’ structure in dynamic environments to be misleading for young and small firms.

Recent empirical evidence suggests that the emerging economy context matters for employees’ perceptions of the internal environment for CE (de Villiers-Scheepers 2012; van Wyk and Adonisi 2012). This can be explained by institutional theory, and prior research has shown that the institutional environment can affect the nature and scope of entrepreneurial activities among firms (Bruton et al. 2010; Gómez-Haro et al. 2011; Ireland et al. 2009). Institutions refer to the cognitive, normative, and regulative structures that provide stability and meaning to behavior (Scott 1995). Institutions can be formal (regulations, normative, contracts, etc.) or informal (codes of conduct, attitudes, values, etc.), but informal

institutions are particularly important in shaping collective sense-making and individual behavior as they ‘come from socially transmitted information and are a part of the heritage that we call culture’ (North 1990, p.37). An institutional perspective on CE proposes that the behaviors exhibited by firms, and the decisions made by their managers and employees, are shaped by formal and informal institutional arrangements (Bruton, Ahlstrom, and Li 2010; Gómez-Haro et al. 2011; Hoskisson et al. 2000; Ireland et al. 2009; Puffer, McCarthy, and Boisot 2010). Thus, how the CEAI dimensions are perceived by individuals and how CE is enacted in response to those institutional arrangements can be expected to differ between SMEs in emerging and developed economies (Bruton, Ahlstrom, and Li 2010; Yiu and Lau 2008).

Kenya represents a growing emerging economy, wherein local SMEs represent a critical vehicle for employment creation and poverty reduction. Many Kenyan SMEs continue to find themselves competing in highly globalized environments, but with limited access to critical resources (Bowen and Mureithi 2009; Mwobobia 2012). Such resource constraints suggest that Kenyan SMEs are more likely to face proportionately greater risk from innovation failure than larger firms and receive fewer rewards for being entrepreneurial (Sorescu and Spanjol 2003). Additionally, the availability of financial resources has been shown to influence African SME managers’ perceptions of innovation (Freel 2005), while the quality of human capital (Hausman 2005; Kiggundu 1988) has been found to affect the innovative behavior of African SMEs (Blunt and Jones 1992; Jackson et al. 2008). In short, wider resource constraints may make it difficult for emerging economy SMEs to organize and provide support for entrepreneurial initiatives (Frank et al. 2010).

The service sector accounts for about 63 percent of Kenya’s Gross Domestic Product (GDP) and has historically led Kenya’s economic growth (Library of Congress 2007). The limited research into firm-level entrepreneurship among service sector firms has tended to re-confirm the benefits of CE for firm performance (Kraus 2011). Research has also shown service sector SMEs to have significantly higher levels of entrepreneurship than manufacturing firms (Rigtering, Kraus, Eggers, and Jensen 2014). In Kenya, manufacturing accounts for as little as 14 percent of GDP (Library of Congress 2007). Scholars

have suggested that the specific characteristics of service sector firms such as the intangibility of their products (Bateson 1992) and their simultaneous production and consumption (Lovelock 1984), make service sector firms more labor- and less capital-intensive than manufacturing sector firms. This suggests that the service sector context might further influence the antecedents of CE in these firms (Kraus 2011).

Differences in normative and cognitive factors within the institutional context and challenges faced SMEs within the service sector context are likely to shape managers' and employees' perceptions of CE and the CEAI dimensions (Morris et al. 1994). For example, Hornsby et al. (2009) and Carrier (1996) suggest that effective reward systems should emphasize individual responsibility and provide results-based incentives to spur entrepreneurial activity. However, such assumptions may not hold true in emerging contexts such as Kenya, in which collectivist principles often dominate. A strongly collectivist environment may give rise to an anti-entrepreneurial bias, wherein group performance and reward systems can encourage 'free-rider' or 'social loafing' syndromes (Jackson et al. 2008; Morris et al. 1994). Moreover, Monsen, Patzelt, and Saxton (2010) reported a complex interaction among perceived employment risk, profit sharing, and the extra effort employees are willing to exert when participating in new initiatives. With respect to Kenya, Blunt and Jones (1986) found that managers assigned the highest importance to security needs. Therefore reward systems which emphasize individual responsibility and results-based incentives (as seen in present CE antecedents) (Fry 1987; Sathe 1985) may have little effect in spurring CE in such contexts.

Hornsby et al. (2002) and Lumpkin and Dess (1996) also proposed that work discretion and autonomy are needed to encourage entrepreneurial endeavor by individuals within firms. This however assumes that individuals are mindful to adopt such practices. Kiggundu (1988) and others noted that management philosophies in Kenya are dominated by principles of classical management, in which there are sharp distinctions and status differences between management and workers. As such Kenyan employees are expected to do their work and obey management's instructions and directives (Beugré and Offodile 2001; Jackson et al. 2008; Kamoche 2011). Unsurprisingly, in their study of the CEAI dimensions in South Africa, van Wyk and Adonisi (2012) found that such authoritarianism correlated

negatively with CE. Thus, differences in cultural attitudes are likely to affect how work discretion is interpreted by subordinates and ultimately practiced by superiors.

Time availability for managers is seen as an important resource for generating entrepreneurial outcomes (Stopford and Baden-Fuller 1994). While CE authors (e.g., Kuratko et al. 2005) may argue that in entrepreneurial work environments, employees should be allowed to conduct creative, entrepreneurial experiments during a limited portion of their work time, the reality often falls short of this ideal. This is likely to hold true in the context of emerging economy service sector SMEs, where employees and firms find themselves dealing with fast-paced market changes and dynamic competition along with traditional mindsets towards management (Bruton, Ahlstrom, and Li 2010; Jackson et al. 2008; Yiu and Lau 2008). Slack time for entrepreneurial initiatives among African employees may be meaningless because of cultural preferences towards focusing on immediate tasks with known outcomes coupled with respect towards authority figures (Nyambegera, Sparrow, and Daniels 2000). Indeed, both de Villiers-Scheepers (2012) and van Wyk and Adonisi (2012) did not find a significant relationship between time availability and CE.

In sum, theoretical explanations suggest that differences among CE antecedents are likely to arise in an emerging economy service sector SME context. To investigate whether and how the antecedents might be relevant or not in firms that do not fit the traditional Western prototype, the paper will now move to discuss the research methodology used to investigate these issues.

RESEARCH DESIGN AND METHODOLOGY

Hornsby et al. (2002), Zahra and Wright (2011), and Zahra et al. (1999) highlighted the need for qualitative research to better understand the organizational and cultural context in which firm-level entrepreneurship takes place. We adopted a multiple case study approach in order to achieve our research objectives (Yin 2003). According to Yin (2003), '*the case study contributes uniquely to our knowledge of individual, organizational, social, and political phenomena*' and '*the distinctive need for case studies arises out of the desire to understand complex social phenomena*' (p. 14). The case study method is increasingly used to examine firm-level entrepreneurship (Peltola 2012; Sebora et al. 2010) and has

recently been used by several studies to examine constructs such as entrepreneurial orientation (Zellweger and Sieger 2012) and the internal antecedents of CE (Christensen 2005; Kantur and Iseri-Say 2013). This method is well-suited to understanding the antecedents of CE in the context of emerging economy service sector SMEs.

In line with our research objectives, we adopted a criterion based purposive sampling strategy (Patton 1990). This approach requires that potential case firms be selected based on meeting specific criterion and looks for cases which are information rich. We searched for SMEs in emerging markets with rich entrepreneurial histories as a means of investigating the internal antecedents that drive their CE. Accordingly, we also looked for potential cases that demonstrated a variety of specific CE related initiatives such as corporate venturing, strategic renewal, and product and process innovation since their inception (see Table 1 for specific examples). Drawing on information from Kenyan Institute of Management's Company of the Year Awards database, we specifically looked for firms that meet the following criteria: (1) were of small or medium size, (2) initiated and implemented two or more CE initiatives (regarding the product, service, process or strategic renewal) within the past five years, and (3) were part of the services sector.

We chose the Kenyan services sector as the research site for our empirical investigation because it has been described as one of the most entrepreneurially-oriented sectors of the Kenyan economy (Nyanja and Ong'olo 2012). Through active government support and through opening up foreign competition, the sector has undergone profound political, economic, and social changes over the past 15 years (Balistreri, Rutherford, and Tarr 2009; Nyanjom and Ong'olo 2012). As such, SMEs in this sector have found themselves making significant adjustments to their business processes and strategies in order to remain competitive, resulting in the emergence of several highly innovative and entrepreneurial firms within the sector.

Fourteen CEOs/Owners of potential firms in Nairobi and Mombasa were contacted regarding their participation in the study. After initial discussion with the CEOs/Owners, it was determined that only 6 of the 14 potential cases met all three of our criteria. The final selection of cases was carried out by

considering the variety of industries in which the firms operated in, the possibility of accessing the necessary sources of information and in providing contrasting examples. The four cases selected were KeTours, SafePack, InfoComm and GoodSell, and represented various industries within the services sector: Tourism (KeTours), Retail/sales (GoodSell), ICT (InfoComm) and Health & Safety and Distribution (SafePack).

INSERT TABLE 1 ABOUT HERE

We assessed the internal antecedents for CE among Kenyan SMEs using a combination of firm behavior and managerial and employee perceptions drawn from both primary and secondary data (Yin 1984). Primary data were collected via a series of semi-structured interviews with 3 to 5 individuals from each case firm whom had in-depth knowledge concerning the firms' activities and process. Environmental changes and organizational factors can be perceived differently by managers/owners and employees alike (Hornsby et al. 2009). We thereby avoided the danger of key informant bias by asking questions of both managers and employees. All interviews were conducted in English by the lead author and a research assistant, lasted between 45min to 2hrs in length and were audio taped. An interview protocol based around Hornsby et al.'s (2002) conceptualizations and CEAI items was developed. Some example questions include, *'Tell me about how your organization's top management views, values and seeks to facilitate and support entrepreneurial behavior'* (top management support); *'Can you explain and give examples of how your organization identifies, evaluates and rewards innovative and entrepreneurial behavior'* (rewards/reinforcement); and *'How much autonomy are you given in your current job?....To what extent does your organization tolerate failure from entrepreneurial efforts'* (work discretion/autonomy).

Within this schedule, follow-up questions and prompts were used to explore situations where an interviewee reported a lack of evidence for a specific activity, thereby allowing the data collection process to expand towards learning about contextual factors relevant to entrepreneurship within the firm. In

addition, interviewees were specifically asked to reflect upon innovative processes and entrepreneurial activities that had taken place in their firms and how these were organized and put into place in support of CE. Secondary data were also collected from company websites and annual reports, and were gathered in order to map out strategic actions relevant to the subject of the study, to describe important contingencies (industry, culture, or environment) relevant to the subject of the study, to document relevant outcomes in this respect, and to accomplish triangulation as put forward by Yin (2003).

All interviews were carefully transcribed by one author and a research assistant. Both researchers independently coded the contents of the interviews using pre-existing antecedents developed and identified by Hornsby et al. (2002). We chose not to use coding software as the semi-structured nature of the interviews allowed for the rapid identification of key constructs under consideration. The independent coding process led to the development of case protocols approximately 24 pages in length by each researcher. Additionally, tables highlighting the case firms' evolution, and an overview table of the five antecedents were created to enrich the case protocols.

We sought to create a profile of each case firm's internal environment for CE using the techniques described by Zellweger and Sieger (2012). Firstly, each researcher independently evaluated the levels of the internal antecedents at the point of investigation using a nine-point scale ranging from 1 (low) to 9 (high). To avoid over specification, we formed three rating categories: low (rating 1–3), medium (rating 4–6), and high (rating 7–9), allowing each researcher to develop a graphical illustration of the five internal antecedents for CE in each case (see Figure 1). Subsequently, a rating in any one of the antecedents not only suggests the need for the development of such activities to enhance the firm's readiness for CE, but also that the case firms experienced difficulties in applying the particular antecedent.

Next, the two researchers met, compared their independent findings and profiles of the case firms, and discussed any discrepancies. Overall, the two researchers were able to agree upon a single profile for each case as there was little disagreement among the independent examinations. Finally, both researchers

also considered possible shortcomings and extensions of the existing conceptualization of the antecedents, resulting in a refined conceptualization located in the context of emerging economy SMEs.

INSERT FIGURE 1 ABOUT HERE

FINDINGS

ANTECEDENTS OF CORPORATE ENTREPRENEURSHIP IN KENYAN SMEs

Analysis of case data showed that a supportive organizational climate is a crucial aspect of entrepreneurial SME firms in emerging economies. However, our data indicates that our case firms perceived and successfully implemented only two of the five established antecedents of CE; namely top management support and organizational boundaries. In contrast to the prevailing view in the CE literature, our case firms faced obstacles and hurdles to accommodating rewards/reinforcement, work discretion/autonomy, and time availability in CE (de Villiers-Scheepers 2012; Sehora et al. 2010). In particular our cases show that the specific profiles of the antecedents associated with successful CE in emerging economies and SMEs may also differ considerably from their Western and larger firm counterparts. Moreover, our findings also demonstrate that cultural, contextual and resource availability matter with respect to how managers can realistically put in place in an effort to spark CE. The following section and Table 2 discusses these in more detail.

INSERT TABLE 2 ABOUT HERE

Top management support

Prior research in CE focusing on larger organizations has emphasized top management support in facilitating and promoting entrepreneurial behavior through the creation of a pro-entrepreneurial organizational environment and the provision of resources that people require to take entrepreneurial actions (Hornsby et al. 2002; Ireland et al. 2009). The data from our cases largely supports this view for

SMEs in an emerging economy context. However, our data also reveals differences in how top management supported CE in emerging SMEs from that of larger firms. In particular, the majority of our interviewees indicated that formalized support mechanisms such as the allocation of financial and non-financial resources in support of new entrepreneurial efforts were either limited or non-existent.

Several managerial level respondents stressed that their firms generally took a long-term approach to projects and hence resources were carefully planned in advance and committed to such projects only after much due diligence had taken place. Moreover, both the R&D manager of SafePack and CIO of InfoComm admitted that in an emerging economy like Kenya, procuring resources, especially financial resources from the market was extremely difficult and hence their firms had to employ a *'conservative and cautious approach'* to managing their firms' current resources stocks. Similarly GoodSell's project manager stated, *'We need to constantly think of the long term goals of the company. They (management) look at the company's budget very tightly and are not in the habit of freely spending it.'* Hence, among our case firms, the careful and diligent use of resources is a matter of priority, and long-term innovation is vulnerable compared to responses to short-term business pressures. Our findings here further support that a firm's interest in entrepreneurial activities can be influenced by management's perceptions of resource slack and availability and its willingness to make those available. Normally, this would be thought to deprive entrepreneurship within the firm, yet these case firms are known for their innovation and entrepreneurship. This implies that context is fundamental to making judgments about CE.

Observations and discussion with the respondents also highlighted the importance of informal mechanisms in support of entrepreneurial activity provided by top management. Both managerial and non-managerial respondents alike consistently talked about the role played by top managers in identifying and personally bringing to the owners' attention promising entrepreneurial initiatives. For example, KeTours' Operations and Planning Director claimed that KeTours is a place where *'when senior management see that an idea has potential they are willing to quickly bring it the attention of the owners'*. Similarly, at both InfoComm and SafePack, top managers maintain an open door policy and encouraged

employees with new ideas for projects and products to come to see them directly. Also, in the case of InfoComm and KeTours, top management facilitated CE by informally encouraging and orchestrating the interactions of individuals and teams in order to formulate new ideas or devise new projects.

The findings above resonate with Western studies in that senior management often develop the vision for entrepreneurship, which stimulates the engagement of others in similar pro-entrepreneurship behavior (Ireland et al. 2009). Accordingly, we find that our case firms tend to exhibit moderate to high levels of top management support for CE (see Figure 1). But, our findings further suggest that such top management support differs in important ways, especially with respect to exactly how they supported CE. For instance, in contrast to earlier research, our findings suggest that in emerging economy SMEs financial and resource support can be limited, creating a much stronger competition for viable ideas only to emerge to the surface. Our findings further highlight the importance of more informal mechanisms such as espousing an entrepreneurial spirit or encouraging employee interactions in this respect.

Rewards/reinforcement

Numerous studies have stressed that CE can be encouraged in both large and small firms by the use of organizational systems which clearly identify and recognize entrepreneurial activity (Carrier 1996; Hornsby et al. 2002; 2013a). In general, interviewees suggest that they were cognizant of how rewards were linked to their own entrepreneurial efforts. However, in contrast to theoretical expectations, our findings revealed that the majority of our case firms lacked specific organizational systems and processes to recognize and reward entrepreneurial efforts. For instance, at SafePack and GoodSell, performance reviews were done in an irregular and ad-hoc manner not linked to entrepreneurial outcomes at all. Moreover, in instances where there were regular performance evaluations (KeTours and InfoComm), they tended to overly emphasize more immediate and easily-observable organizational goals and employee behaviors. As KeTours' Operations and Planning Manager pointed out, *'the annual review is overly focused on making sure we stick to protocol and are achieving our efficiency targets'*.

Interviews with respondents further identified that their interest in engaging in entrepreneurial activity was further undermined by ambiguities in recognizing entrepreneurial efforts and ultimately who

would benefit from them. For instance, at SafePack, evaluations were rather ambiguous, and in the case of GoodSell, cultural considerations were identified as affecting the assessors' discretion in determining whether the employee was behaving entrepreneurially or not. Hence in both these cases, respondents interviewed were found to be less engaged in CE related behaviors as compared to the other case firms. Furthermore, our analysis of the data revealed a general perception among some respondents that entrepreneurial actions on their part would only benefit the firm. One InfoComm employee explained, *'I try new ideas to get new sales and when we get new customers, it's only the company that benefits, I don't. Because he[manager] says it's part of my job. So what good does it do me?'* As such they would rather just be told what to do and achieve their individual targets rather than go out of their way to generate new ideas. Compliance-related behavior is therefore seen as more beneficial despite appearing to negatively impact entrepreneurial actions.

Regarding the type of rewards, we identified differences with respect to the value that our respondents attached to certain rewards as compensation for entrepreneurial behaviors. *Prima facie*, all case firms tended to prefer the use of non-financial reward structures to reward individuals to encourage CE. Moreover, our analysis of the data identified financial constraints and cultural attitudes as influencing the firms' choices of rewards. As the founder of KeTours commented, *'normally we operate on a tight budget, and the availability of finances is a key issue..... also employees prefer to be compensated in other ways.'* What appeared to be more valued among employees were informal recognitions afforded by management and/or peers when they engage in innovative behaviors. Receiving sincere thanks or being recognized by management for efforts undertaken were deemed to be valuable reinforcers of entrepreneurial actions. As GoodSell's employee mentioned, *'to be recognized for a job well done is more than enough. It's not [just about] money but knowing you are appreciated.'*

Additionally, promotion was identified as a highly valued reinforcer of entrepreneurial actions by various respondents across the case firms. For example, InfoComm regularly offered internal promotions to aspiring and innovative employees. As such, the current crop of managers all rose to their current positions as a result of this policy. Furthermore, interviews with respondents revealed that promotion

provided a sense of a job security in a country where there were generally limited opportunities and tough working condition existed. Promotion also afforded employees the opportunity to work with and develop closer relations with the firms' owners and senior managers, something that was noted as being highly valued in the Kenyan culture. In African societies, small firms operate in a system of mutually benefiting reciprocities (Khavul, Bruton, and Wood 2009) and having strong social ties between employees and employer eventually leads to the development of trust and other benefits (Khavul, et al. 2009), which the evidence here suggests may include entrepreneurship.

In considering the above evidence, we find that the current conceptualizations of CE regarding rewards and reinforcement did not fit well with the experience of emerging economy SMEs. Accordingly, our scoring of rewards and reinforcement was mostly low across our case firms (see Figure 1). More specifically, our findings suggest that resource considerations and uncertainties in the institutional environment can influence the capacity of SMEs in emerging economies to design and ultimately reward their employees for CE related activities (Jackson et al. 2008). Additionally, our findings also allude to a distinction between the type of entrepreneurial rewards valued by employees in emerging economy SMEs and those from Western larger firms. Given the uncertain environmental conditions in societies like Kenya, where collective responsibilities towards kith and kin are very real (Nyambegera, Sparrow and Daniels 2000), predictable rewards and incentives such as promotion and job security are preferred amongst our case firm respondents. This stands in stark contrast to the earlier findings from larger firms, where the value of promotion as a reward has been discredited (Carrier 1996)

Work discretion/autonomy

Prior research suggests that entrepreneurial outcomes arise from those that have latitude and freedom from excessive oversight, enjoy some level of responsibility, and are not excessively penalized for failure from experimentation (Hornsby et al. 2002). However, our data suggested that respondents in our case firms generally had little opportunity to exercise individual work discretion because of cultural expectations and the general work environment. Our case analysis indicated that management's expectations of their own behaviors in the workplace are central to how work discretion was ultimately

viewed and afforded to their subordinates. Amongst our case firms, there was a strong belief and expectation among senior management in particular that they should take *'the lead'* and *'be involved in every aspect of the firm activities'*. In this vein, the founder of GoodSell expressed his reservations about giving *'too many opportunities to make decisions to employees'* because he preferred to be actively involved in all of the firm's decision-making processes, particularly when it came to allocation and use of financial resources. Most of those interviewed also shared similar opinions, as SafePack's Engineering Director stated, *'decisions are largely top down and I have to follow the rules and budget I am given.'* Although some leverage was afforded to staff in terms of implementing ideas, this privilege was found to be largely afforded to a special few who had strong ethnic and familial ties with the owners and/or senior management: *'In this firm (SafePack), if you are close to the top people, they listen to you, they let you make decisions. But you have to earn your spot in that circle.'*

Informal discussions and observations with respondents further revealed that while some preferred to have empowerment in their jobs, many still preferred to defer decision making to those higher up the hierarchy. Interestingly, such preferences continued to prevail even though some of the firms (KeTours, InfoComm and GoodSell) moved towards decentralized organizational structures and changes to work structures and roles, designed to specifically increase individual autonomy. Our finding here is consistent with existing studies that reveal how collectivist societies like Kenya are akin to authoritarianism and in-group authority relationships (Kemmelmeyer et al. 2003). Our data also indicated that deference to authority not only influenced individual employees' interest in engaging in innovative or entrepreneurial activity, but also the case firms' ability to quickly identify and exploit entrepreneurial opportunities in the market. For example, GoodSell had missed out on several opportunities to expand its business domain into new areas, as the Sales Director felt it necessary to always confer with the founder first.

With regards to tolerance of failure, few if any of the case firms were willing to tolerate failure from entrepreneurial experimentation. In fact, the case evidence indicated that attitude towards tolerating failure was strongly linked to very stringent cost-benefit or financial control systems embedded within

each firm. There was a general attitude among the case firms that failure is unacceptable and could lead to a loss of face, not just for the employee but to the firm as a whole. GoodSell's project manager asserts that, '*only the best ideas are supported because if you fail, you let a lot of people down.*' Moreover, because resources are limited, access to financial resources was reserved for only those projects that are likely to succeed. Hence, there is little opportunity for experimentation and testing of new ideas.

Our findings here are line with those of van Wyk and Adonisi (2012) regarding the negative effects of authoritarianism on CE in the African context. Our case evidence suggests a nuanced pattern of work discretion wherein top-down decision making and stringent organizational processes limited the individuals' entrepreneurial behaviors necessary for successful CE. From these findings, it seems that few firms offer their key employees opportunities for work discretion and those that do seem to implant a very stringent cost-benefit or financial control system. Such financial control systems are noted to have an aggravating effect on CE (Barringer and Bluedorn 1999). In considering the above evidence, we note that the experiences of emerging economies SMEs with respect to affording employees work discretion for entrepreneurial initiatives did not align well with our current conceptualization of the antecedent. Thus we found that most of our case firms displayed mostly low levels of work discretion (see Figure 1). Moreover, our findings regarding how financial controls and cultural attitudes towards hierarchal relationships hamper the case firms' CE, builds on to existing theoretical expectations.

Time availability

In contrast to the role that the CE literature assigns to time availability, our case firms provided little slack time outside of non-essential tasks (Hornsby et al. 2002). When asked during the interviews whether they had time to work on entrepreneurial ideas in the last three months, almost all our respondents voiced a strong desire to have more '*free time*' to do so. When asked why their time for entrepreneurial efforts was limited, our respondents identified a number of salient factors both within and outside of their respective organizations that influenced their time availability. Externally, we note that our case firms found themselves competing in highly dynamic and competitive environments. For instance, KeTours operates in the highly emergent Tourism sector in Kenya, and faces relentless

556 competition from both local and increasingly overseas competitors. Similarly both SafePack and
557 InfoComm are constantly striving to establish themselves in their respective markets.

558 In such situations, we found respondents to be particularly focused on salient tasks such as
559 meeting sales targets, building reputation and addressing customer needs as they were considered
560 necessary for competing in such markets. As such ‘slack time’ for entrepreneurial initiatives was
561 considered almost too valuable of a resource to be freely given. SafePack’s Training Coordinator claimed
562 that, *‘in small and rapidly growing firm, time to work on new ideas to improve systems and process is*
563 *largely limited because very little time available, as we were often required to focus on more pressing*
564 *issues’*. Furthermore, we also note that in the cases of KeTours and InfoComm, lack of technological
565 availability and sophistication in the Kenyan marketplace also increased managers and employees time
566 spent on such tasks.

567 Two main issues emerged that appeared to affect respondents’ time availability for
568 entrepreneurial activity, both of which have received little attention in the existing literature. First,
569 amongst three of our four case firms (KeTours, SafePack and InfoComm), there was a strong push by
570 management to become ISO9000-certified in order to remain competitive in their markets. However both
571 the CEOs of SafePack and InfoComm acknowledged that the pursuit of effectiveness and efficiency
572 through the certification process came at the expense of organizational innovativeness. As the CEO of
573 SafePack explained, *‘at first we were mostly geared towards trying to be the innovative leader in our*
574 *market place, but now, our focus is much more production planning and technology planning.’*
575 Consequently such changes have also had a trickledown effect on employees’ time availability for
576 entrepreneurial efforts. For instance at KeTours and InfoComm, managers now spend a considerable
577 amount of their time on routine tasks and the documentation of procedures and processes as opposed to
578 working on more entrepreneurial initiatives. As the Chief Information Officer of InfoComm explains,
579 *‘with all these new process coming into place, compliance is a major issue..... by and large my job is just*
580 *to make sure things run smoothly as possible.’*

Second, the role of human capital emerged as an important driver of innovative activities in these firms, a notion supported by studies of SMEs (e.g., Alpkan et al. 2010). However, prior research has also demonstrated that SMEs, particularly those from Africa, often face difficulty in acquiring the necessary human capital resources, hence affecting their growth and development prospects (Smith and Watkins 2012). Our data indicated a similar story. Across the board, our firms found it difficult to recruit quality human resource among Kenyan graduates. Particularly lacking were graduates or employees with entrepreneurial skills and competencies necessary to work in such fast growing and dynamic firms. As a result, managers often found themselves being highly involved in overseeing the actions of employees. For instance, middle managers from both GoodSell and SafePack revealed that much of their time was spent on monitoring the work of their subordinates as many of them did not possess the necessary skills to complete their jobs sufficiently. SafePack's R&D manager explained that, *'I need to keep track of what my team is doing. And that keeps me busy most of the time.'*

In sum, our findings suggest that emerging economy SMEs experienced difficulties in providing slack time for entrepreneurial activities by important groups of people across the firm, in ways that has not been properly accounted for by the existing conceptualization of this antecedent. Our scoring of the antecedent indicates low levels of time availability of entrepreneurial activities across the four case firms (see Figure 1).

Prior research has suggested a cascading effect with respect to time availability and organizational positioning (Hornsby et al. 2009). However, our evidence indicates that in emerging economy SMEs, despite their organizational positions and titles, many of the employees' job roles and scopes still remain quite narrow. However, our findings do further highlight that a focus on efficiency and multitasking can further undermine time availability for entrepreneurial initiatives and a further degree of interaction among elements of the internal environment put in place by top managers which is hitherto not well understood in the CE literature (Hornsby et al. 2009). Secondly, our findings highlight the aggravating effects of skill deficiencies among human capital resources with respect to facilitating CE through their effect on time availability and its subsequent use (Hayton and Kelly 2006). Hence we

suggest that future conceptualizations of the time availability antecedent also take into consideration the role played by the firm's quality and stock of human resources.

Organizational boundaries

Flexible organizational boundaries are useful in promoting entrepreneurial activity because they enhance the flow of information between the external environment and the organization and between departments/divisions within the organization (Miller, Fern, and Cardinal 2007). Throughout our cases, we noted efforts by the owners and top managers over the past five years to move away from their existing centralized and silo organizational structures by moving towards more cross-functional team-based structures (KeTours and GoodSell) or specific project teams (InfoComm and SafePack). Furthermore, our in-depth interviews revealed that such structural changes were also accompanied by changes to organizational processes, designed to effectively identify and screen innovative ideas. For instance, at SafePack, the CEO and top management implemented a new form for, and monthly review process of, innovative suggestions (which may help mitigate the issue of time availability as well). Similarly at InfoComm, employees had developed an idea generation system, which is reviewed every three months where the best idea is selected and implemented. In general, our respondents indicated that such changes to process were positive developments. Our finding here is consistent with other studies promoting the role of information sharing and flexible organizational structures.

More importantly though, given the conceptual ambiguities surrounding the organizational boundaries antecedent (Hornsby et al. 2013a), our case findings shed new insights as to how organizational boundaries facilitate CE. In particular, our case analysis highlights the importance of top management in creating arenas for promoting interpersonal relationship and trust among employees, teams and departments, which subsequently promote idea generation and ultimately CE. For example, at InfoComm and GoodSell, senior management facilitated the coming together of individuals and teams in order to formulate new ideas or devise new projects. However, in both these firms, such actions and efforts were not undertaken as 'first moves' or initiatives but instead were reactions to disputes. The lead Software Engineer of InfoComm pointed out that teams are constantly quarrelling over technical details

of their projects or ideas. This inhibits their proactive behaviors (e.g., looking for new solutions to the problem). Similarly, KeTours' top management believes that it is their responsibility to overcome such issues. As the Managing Director pointed out, *'when managers disagree I sit down with them to discuss the pros and cons of their ideas and the sources of their concern. I find that this helps them to come up with a common or more practical solution'*. Hence, by acting as relationship brokers, top management promotes interconnectedness among individuals and departments and this drives information sharing which would otherwise be suppressed.

This view of how organizational boundaries come to play a role in CE is contextually very different from its conceptualization in the literature as that of boundary spanning individuals. Rather, boundaries are broken when top managers broker and facilitate relationships and new solutions among otherwise quarreling team members or departments/divisions. This evidence also implies that constructive conflict may play a relevant role in CE within the emerging economy SME context. Again, this is hitherto not considered in the literature on CE. Thus, we add important insights into the current conceptualization of organizational boundaries as an antecedent of CE. Our case evidence suggests that top managers may assume the role of intrapreneurs themselves and purposefully act as builders of networks or human interactions within their businesses, subsequently promoting CE through collective entrepreneurship (Toledano, Urbano and Bernadich 2010). This may be especially important in the context of SMEs and emerging economy firms, because such close working relationships between employees and management hold the potential to enhance levels of trust and communication between and among these groups. Secondly, by shaping organizational boundaries, top managers' active involvement in bringing people together regularly might be one way to compensate for the otherwise limited availability of resource and time for entrepreneurial actions.

DISCUSSION AND CONTRIBUTIONS

In response to recent calls for research on what enables CE in emerging economy SMEs (Hornsby et al. 2013b; Hoskisson et al. 2000; Phan et al. 2009) and comparable calls to action to examine

CE activity across different regions (Gómez-Haro et al. 2011; Hornsby et al. 2013a) and contexts (Zahra and Wright, 2011), this paper makes three theoretical, empirical and methodological contributions.

As a theoretical contribution, our study shows that a supportive internal organizational environment is as important for CE in SMEs in emerging economies as it is for their established Western counterparts, *but*, and most importantly, our findings reveals that the manifestation of this internal organizational environment is very different to the status quo presented in current theory. This provides compelling evidence to support Zahra and Wright's (2011) claim that the reduction of context to a simple control variable masks fundamental knowledge that is crucial to the advancement of theory across the field of entrepreneurship. For example, our case firms exhibited only 2 of the 5 traditional antecedents of CE, namely top management support and organizational boundaries. On the surface, this might suggest that some of the established antecedents do replicate at the SME level and in the emerging economy context. But this is not the case. Although our case firms provided top management support and manipulated organizational boundaries to promote CE, they did so in ways that differed from treatments reported in the literature so far (e.g., Hornsby et al. 2002, 2013a, 2014). They were executed differently and contextualized to the circumstances of emerging economy SMEs. For top management support, formalized support mechanisms for allocating financial and non-financial resources towards entrepreneurial efforts were limited and managers conservatively and cautiously managed their firms' resource stocks. Instead, managers oriented the allocation of resources towards entrepreneurial projects by adopting a much longer term perspective and increasing the due diligence behind entrepreneurial initiatives. Interestingly, these results are not consistent with studies of other emerging economies. Seborá et al. (2010) found support for the more traditional characterization of top management support in Thai SMEs, which suggests that regional institutional differences are more important than economic ones to understand the motivation of CE.

These results also differ from studies of SMEs in Western economies. Frank et al. (2010) reported that in difficult, dynamic environments, for firm entrepreneurial behavior to take place productively, high access to financial capital is needed. Yet our Kenyan SMEs were vibrant and entrepreneurial despite

limited access to such resources. Moreover, informal support was also important in this context as for non-managerial employees, top managers showed a willingness to rapidly bring the best ideas of their other managerial and non-managerial employees to the attention of owners. Our findings extend those of Castrogiovanni et al. (2011). The personal relationships top managers hold with their employees is an important form of non-resource support that motivates CE among our emerging economy service sector SMEs. This shows a need for models of, and judgments about, CE to be far more culturally contextually sensitive. Our findings enrich a context-sensitive analysis of the antecedents of CE (de Villiers-Scheepers 2012; Hornsby et al. 2013b; Phan et al. 2009; Zellweger and Sieger 2012) by providing a fine-grained representation of top management support as an enabler of CE in emerging economy SMEs.

Of further interest is our finding about organizational boundaries as an antecedent of CE. These raise important questions about how entrepreneurship in emerging economy SMEs might come about. We found support for this antecedent but its execution was very different to expectations in the established literature (e.g., Hornsby et al. 2002, 2013a, 2014), and it appears to be quite vulnerable to context sensitivity. Historically, the notion of organizational boundaries has been presented as one of entrepreneurial individuals spanning organizational boundaries to link disparate parts of the firm together, sharing knowledge and enabling novel knowledge to emerge and new innovative ideas and initiatives to germinate. In our case firms, individuals, teams and departments across the firms exhibited regular quarrelling and were brought together across boundaries by top managers acting as brokers and negotiators to bring people together. Thus, the whole process of germinating dialogue and new solutions to emerge was orchestrated heavily. So far, this problem has not surfaced in investigations of the antecedents of CE, but our findings resonate with prior concerns that a strongly collectivist environment may give rise to anti-entrepreneurship sentiment and group performance to suffer from dysfunctional syndromes (Jackson et al. 2008; Morris et al. 1994). This is likely to be further exacerbated by the fact that management philosophies in Kenya are dominated by sharp distinctions in status differences among groups of employees across the firm (Kiggundu 1988). We contribute an extension to the present

709 theoretical framework of CE antecedents by showing that boundary spanning behavior must be led by
710 managers first, and not left to employees alone as advocated in current theory.

711 These observations can also be further understood when considering our findings about work
712 discretion. Few opportunities for work discretion were granted outside of top management and top
713 managers themselves sought hands on involvement in projects with employees, and particularly in
714 decision-making. Taken with our observations about organizational boundaries, it is quite possible then
715 that individuals and teams simply did not consider autonomously crossing boundaries viable because of
716 the absence of, and some lack of desire for, absolute work discretion. Therefore, we enrich the body of
717 theory for examining CE by demonstrating the value of institutional and cultural lenses to understand
718 what enables CE in contexts for removed the traditional Western perspective. Individuals were not
719 mindful to adopt work discretion even when provided by top manager, contradicting the emphasis placed
720 on work discretion and autonomy in current theory (Hornsby et al. 2002; Lumpkin and Dess 1996)
721 Theoretical development in the field of CE will need to rely on institutional theory and contextual
722 analysis if we are to progress our knowledge about situationally-relevant antecedents and enablers.

723 Also apparent from our data were interactions among the antecedents of CE unforeseen in the
724 existing literature. For example, offering work discretion is compromised by the existence of strong
725 financial controls and stringent cost-benefit regimes while time availability is rare. Also, work discretion
726 was rebalanced by top managers purposefully crossing organizational boundaries to resolve problems
727 caused by quarrelling teams. This illustration paints a different image of the use of organizational
728 boundaries as a means of stimulating CE by reducing information-seeking time, reducing costs,
729 overcoming the limitations of time unavailability, and increasing confidence in top management support
730 for entrepreneurial initiatives. Such complicated interactions have yet to be modelled in current
731 frameworks of CE. These findings reveal that a black box between antecedent conditions and CE
732 outcomes that is at least in part a function of emerging economy SMEs context.

733 As an empirical contribution, we observe that for employees, entrepreneurship within the context
734 of the job and securing promotion coupled with a close relationship with supportive and active top

managers sets the context for CE to take place, even in what might otherwise appear as unproductive conditions in more traditional contexts. For example, while employees were cognizant of how rewards were linked to their entrepreneurial efforts, promotion and non-financial rewards such as recognition for a job done well were most valued, and employees respected the need for compliance behavior. Ideas of compliance and deference are orthogonal to our knowledge of what entrepreneurship in SMEs requires, and we add empirical evidence to a group of studies that collectively reveal the problems of deference to authority (e.g., Beugré and Offodile 2001; Jackson et al. 2008; Kamoche 2011; van Wyk and Adonisi 2012). In our case firms, that deference to authority even overruled a cultural expectation of obedience of managerial instructions. Thus, even when granted autonomy and asked to engage in entrepreneurship, the deference to authority suppressed take up of those initiatives. This new empirical contribution raises further questions about the theoretical and practical accuracy of current frameworks.

Of further interest are our more fine-grained observations about rewards and reinforcement. We find that rewards for entrepreneurial actions can be undermined by signals caused by the outcomes of reward systems (e.g., promotions encouraging job security diminished a sense of need to take entrepreneurial risks). Our data suggested that individuals within the case firms were analytical and reflective in deciding how they behaved in their work. They tended to be less spontaneous in their behavior and less willing to take risks unless it protected their job, and this behavior was hardened by the tendency among the firms to use rewards/reinforcements systems that emphasized job security. Studies have long been of the view that Kenyan employees assign the highest importance to security needs (Blunt and Jones 1986) but we observe empirically that the reticence to entrepreneurship this causes can be overcome by promotion and recognition from managers and peers being provided as rewards for entrepreneurship. Doing so converts the desire for security away from one of restrained behavior to one of entrepreneurship when aligned to such non-financial rewards.

Finally, we make a small methodological contribution. In the spirit of Zahra et al. (1999), the use of a qualitative methodology helped us generate a much better understanding of the ‘how’ and ‘why’ of CE in the context of emerging economy SMEs, where knowledge (both theoretical and empirical)

remains thin. Using a qualitative methodology over the more traditional quantitative approach in assessing the internal antecedents for CE allows us to overcome problems associated with single-respondent research and the de-contextualization of CE in prior studies. Studies wishing to examine well-established concepts and instruments in different contexts such as emerging economies can use our protocols to develop more context-sensitive treatments of CE in future.

Drawing this discussion together, we offer a revised and extended theoretical framework of the antecedents of CE that can serve small business researchers interested in advancing the field towards a greater appreciation of CE in emerging economies and service sector SMEs therein. This extended theoretical framework is illustrated in Figure 2. Our findings speak to managers and policy-makers who work closely with emerging economy SMEs. Such individuals need to be cautious of adopting and recommending CE frameworks and practices developed in studies of firms within developed economies, and should be more mindful of how entrepreneurial processes and practices may be influenced by context. Our work offers a basis to resolve this problem.

INSERT FIGURE 2 ABOUT HERE

LIMITATIONS AND FUTURE RESEARCH

Our study is not without its limitations. First, adopting a qualitative methodology constrains the generalizability of our findings to the theoretical and analytical alone. Our selection of cases sits within Kenyan service sector SMEs. Our observations might be less relevant to non-service sector SMEs, larger more established firms, and firms from different institutional contexts. However, we note that we did not seek to generalize our findings to these audiences. Instead, we sought to give rich contextualized insights into how the specific antecedents for CE are manifested in emerging economy SMEs.

Second, our study is appropriately qualitative in nature given inconsistencies and questions we raised and reported in our literature review on the relevance of the five repeatedly-emphasized

antecedents of CE to non-traditional contexts. We also appropriately noted our concern that the dominance of quantitative methodologies in the research into the antecedents of CE has ushered in a de-contextualization of the antecedents of CE that is clearly problematic based on our qualitative findings. Still, a mixed methods approach could have enabled us to provide a larger set of data from which to study the emerging relationships drawn from our qualitative findings. Future research may wish to adopt such an approach to studying CE in non-traditional contexts.

Finally, our study focused only on a direct set of established internal antecedents to CE and searched for anomalies and (in)consistencies within that remit. Studies with a broader scope than ours may consider external and environmental antecedent as well (Frank et al. 2010). Such an approach has the potential to offer small business researchers a theoretical framework in advancing the field towards greater appreciation of the antecedents of CE in non-traditional contexts.

Our study leaves a number of questions worthy of further investigation. First, the limited research body of knowledge on CE among emerging economy firms (Hornsby et al. 2013a) remains a concern. Future research may do well to extend this study into other emerging economies and diverse organizational contexts such as larger established firms. Second, our findings suggest that the antecedents of CE established in the literature are subject to context sensitivity in complex ways. Such a theoretical omission represents a problem in present treatments of CE based on our findings. While our paper offers a contribution in carving out deviations from the CEAI model, it implies that a set of hitherto unforeseen and undiscovered mediators and moderators acting on how a firm might organize effectively for CE likely exist. Appreciating how CE is achieved and practiced among emerging economy firms affords scholars the opportunity to develop better theories and conceptual models of CE and managers to arrive at better customized prescriptions to improve the competitiveness of their firms.

Finally, we urge future research studies to consider how the institutional environment influences the adoption of CE initiatives among emerging economy firms. Earlier, Gómez-Haro et al. (2011) drew scholarly attention to the important influence of both the formal and informal environments on firm-level entrepreneurial activities. We urge future researchers to consider how the external environmental

(whether formal or informal) may influence the adoption and implementation of the internal antecedents for CE. Such an approach offers a premise for the development of theoretical frameworks that can further serve small business researchers who are interested in advancing the field towards a greater appreciation of the antecedents of CE efforts and enlarge our understanding of how SMEs can become more competitive in emerging economies

CONCLUSION

The central question guiding this study was whether the current conceptualization of the five antecedents of a supportive internal environment for CE remains applicable and relevant in the context of SMEs in an emerging economy. Drawing on Kenyan service sector SMEs as our empirical starting point, our findings reveal that institutional and cultural variations as well as context-specific features within the Kenyan service sector SME landscape and workplace shaped how CE needed to be organized in these firms. We contribute both theoretically and empirically to the existing literature by suggesting that the organization of Kenyan SMEs' internal environments for CE is much more nuanced, interactive, and complex than currently presented in Western treatments and studies. The findings contained within this study offer an insightful basis on which to further examine how context impinges on entrepreneurial actions in firms outside of the traditional Western context and extend the theoretical framework of the antecedents of CE.

Table 1
Profiles of Case Firms

	KeTours	GoodSell	SafePack	InfoComm
Year of inception	2004	1988	1995	2005
Number of CE related initiatives implanted since inception	4	7	3	3
Example of CE activity in case firms	External corporate venturing, KeTours saw an opportunity to take advantage of growing demand in adventure tourism in Kenya and Africa. CEO along with VP created a new firm specifically dedicated to developing new products for these markets. Later new company became more closely integrated into KeTours online booking platforms	Strategic renewal in the form of domain re-definition. Since 1995, GoodSell has used its financial resources and market knowledge to enter in new allied business markets. Later in 2003, GoodSell further increased its hold in the markets by developing a sales portal. It was also one of the first firms in Kenya to offer online financing and credit options for customers.	Product and process innovation. After years of distributing imported safety products for the oil and gas industry, SafePack began developing new customized products for the relevant markets. In 2007 Safe pack made the bold move to enter into markets (government clients and personal users) by creating a spin-off venture to deal with new markets.	Since 2007 InfoComm has embarked on a process of rapid new product development. Additionally InfoComm has expanded its core business from software development into providing customers with a total care and maintenance package, through creation of a new internal operating division.
Nature of Services	Tourism/Travel Services	Retail Sales (Online)	Health and Safety Equipment and Distribution Provider	Information Technology Solutions
Number of Interviewees	Founder, Managing Director, Operations and Planning Manager, Sales and Marketing Manager	Founder, Sales Director, Online Projects manager, Marketing and Operations Manager, Employee	CEO, Engineering Director, R&D manager, Training Coordinator	Managing Director, Chief Information Officer, New Projects Manager, Software Engineer
Total Number of Employees	165	80	42	24
Annual Turnover (\$USD)	11.43m	3.1m	0.83m	2.1m
Business History and CE Activities	Initially started as small regional airline. Rapid expansion over the past 6 years, with a number of innovative business practices developed internally. First regional airline to use internet bookings and payment system. More recent innovative activities have been based around developing high quality products, specialized tours	Started as a small real estate firm in the late 1980's. Company has grown rapidly since then and branched out into a number of allied areas, such as property management and online retailing. Recently new innovative practices have emerged which has enabled the company to develop its own online portal, and introduction of financing options for customers and making them the premier online trading company in Kenya.	The company was mainly founded from the efforts of its owner, who previously was working for large oil MNC in Kenya. The main activity was based around providing health and safety equipment to oil and gas companies. More recently as result of CE activities, company has designed their own products and expanded to develop and deliver their own OHS programs for corporate and government clients. The company has also moved into sales and distribution of such product	Business originally founded to provide IT solutions to existing companies. Since 2007 firm has engaged in a number of new projects based on developing and commercializing new software specifically for the East African market. Original business line also expanded designed to offer permanent assistance for clients. Latest CE project involve rebranding and change to organizational structure which resulted in winning lucrative government contract.

Table 2
Cross case analysis of the internal antecedents

Antecedents	KeTours	GoodSell	SafePack	InfoComm
Top Management Support	Championing of ideas & bringing together people; Strong entrepreneurial spirit; moderate resource commitment	Championing of ideas and bringing people together; Low resource commitment	Championing of ideas; Open door policy to employees; low resource commitment	Strong championing of ideas & bringing together people; strong entrepreneurial spirit; Open door policy to employees; Financial support is available.
Rewards/re-enforcements	Limited performance review system, focused on easy to assess goals, limited recognition of individual entrepreneurial efforts Rewards mostly non-financial, e.g. informal recognition	ad-hoc performance review systems, no specific recognition of entrepreneurial efforts Rewards mostly non-financial, e.g. informal recognition, job security	Informal and ad-hoc performance review systems, ambiguous assessment and recognition of entrepreneurial efforts Rewards mostly non-financial, internal promotion, benefits	Formalised performance review system, ambiguous or inconsistent recognition of individual entrepreneurial efforts Some financial rewards, also non-financial rewards, e.g. informal recognition, internal promotion
Work Discretion/Autonomy	Low tolerance for failure; strict operating procedures with regards to processes; moderate delegation of authority; employees prefer to defer to authority	Low tolerance for failure; top-down decision making; strict financial controls; employees prefer to defer to authority	Low tolerance for failure; top-down decision making; strict financial controls; employees prefer to defer to authority	Moderate tolerance for failure; top-down decision making; Moderate financial controls; employees prefer to defer to authority
Time Availability	Limited slack time availability due to unstructured job roles and high market pressure; pursuit of ISO certification increased administrative workload of managers	Limited slack time availability due to high workload; high need to monitor staff activity	Limited slack time availability due to unstructured job roles and high market pressure; high need to monitor staff activity; pursuit of ISO certification increased administrative workload of managers	Some slack time given to employees to pursue entrepreneurial ideas; high pressure to remain competitive in the market; pursuit of ISO certification increased administrative workload of managers
Organizational Boundaries	Flat organizational structure actively encouraging teamwork; Relationship brokering by top management; Organizational learning is encouraged	Flat organizational structure actively encouraging teamwork; Relationship brokering by top management	Some level of team work is encouraged; Monthly review system for innovative ideas in place	Flat organizational structure actively encouraging teamwork; Knowledge management and learning systems are in place; Relationship brokering by top management; Idea generation system in place

Figure 1
CEAI Profile of Cases

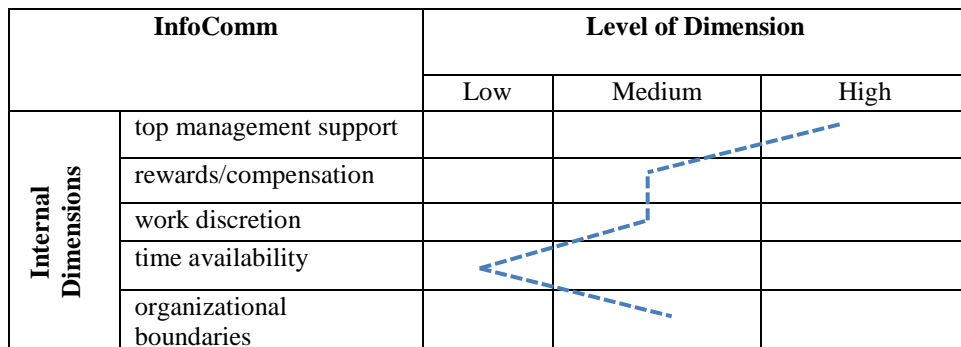
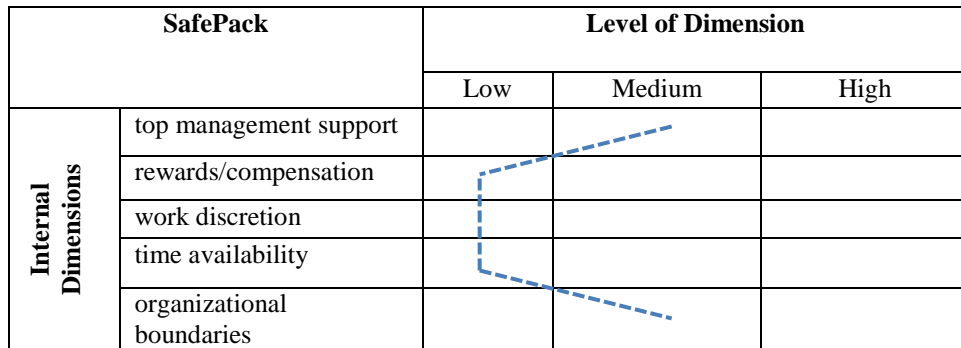
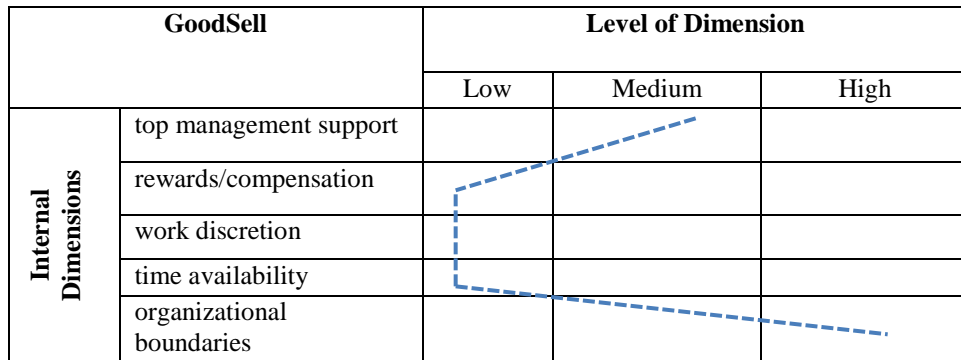
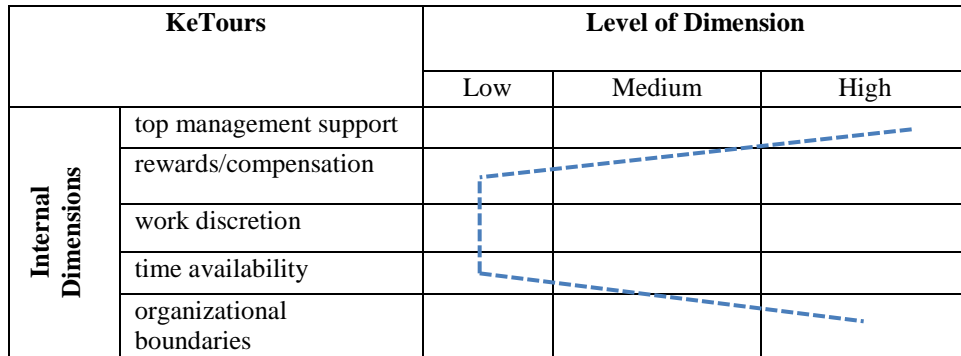
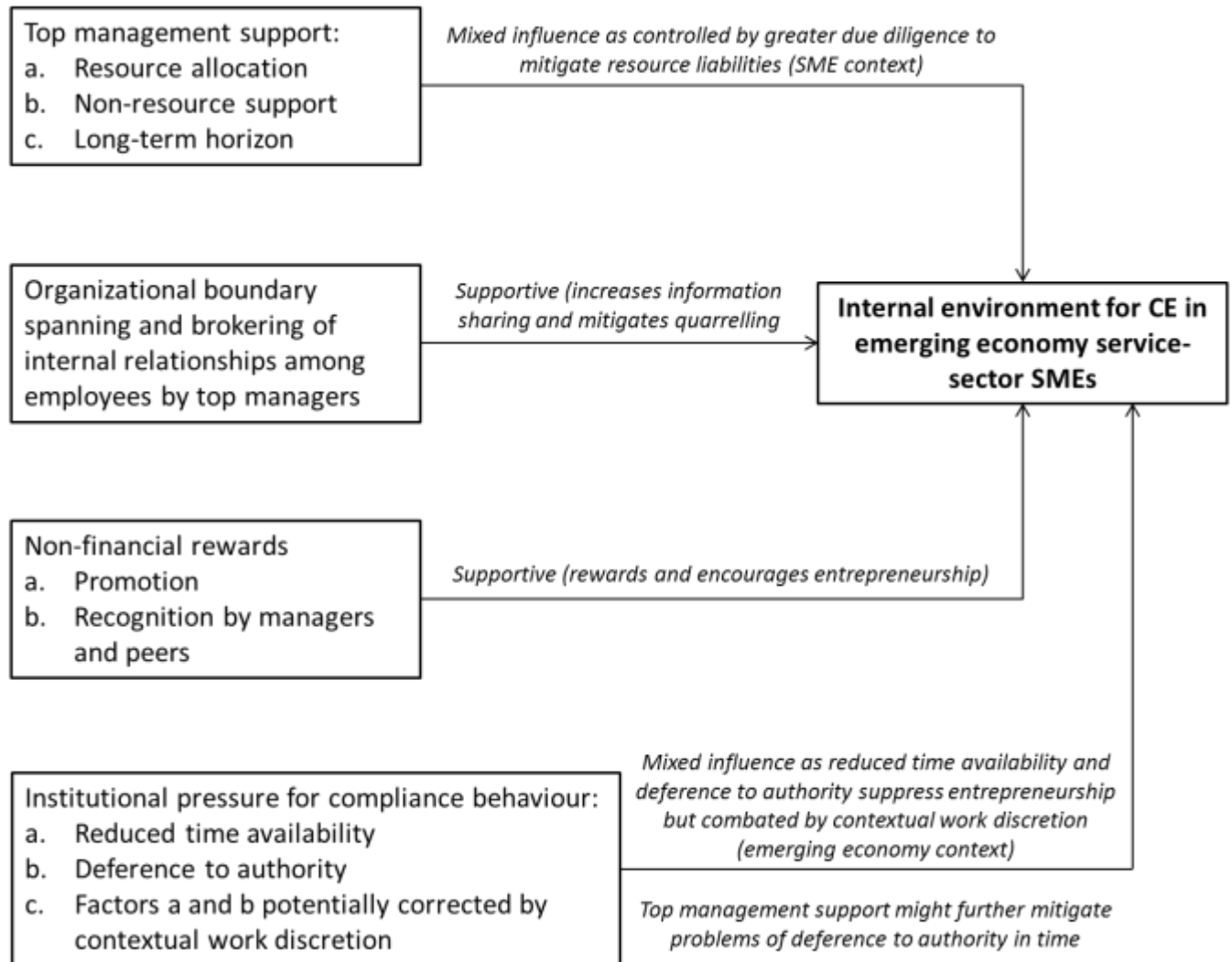


Figure 2
Theoretical framework of factors relevant to CE in emerging economy SMEs



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